

## Louisiana: The Energy Coast in Progress

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My concept that Louisiana is not an "either/or" state, I believe, sends an important message to the global business community. It is a message that I hope will encourage economic development for our state. And it is a message that I enjoy explaining every chance I get.



World Energy, v9n2

Since I was appointed to serve as secretary of the Department of Natural Resources (DNR) by Governor Kathleen Babineaux Blanco, it has been a privilege and honor not only to work closely with her on several key pieces of legislation, but also to speak to U.S. Congressional committees, White House and Pentagon officials, oil and gas executives, and professional business and civic groups all across Louisiana.

The either/or philosophy, as I explain in my talks to many groups, boils down to this: Louisiana's valuable working coastline is a resource that can operate (and has done so over the long haul) in an environmentally responsible way. Since the early 1900s, Louisiana has distinguished itself in American history as an oil and gas producing state. Today, Louisiana provides much of the nation's energy supply, including 34 percent of the natural gas supply and 30 percent of the crude oil supply. Add in onshore and offshore production along with an intricate pipeline system and the state's infrastructure, and bam – nearly half of the total refining capacity in the United States is tied to Louisiana.

It is our state's desire not only to continue this production but to seek additional ways to increase supply. While the nation's energy resources are looked upon as extremely vital, shouldn't it make sense for the United States to assure protection for states that help make the resource possible?

Louisiana has recently stepped up to the plate to help the nation obtain new supplies of energy, including liquefied natural gas (LNG) with a newly permitted facility located in Cameron Parish. This facility is one of four LNG import terminals in the United States. And Gov. Blanco stayed true to her commitment to protecting our land, air, water and fisheries by approving the closed-loop system of operation over the open method. In fact, the state of Alabama has followed her lead on this LNG issue in waters in the Gulf of Mexico.

Looking back over her tenure in office, this governor has made some bold and aggressive moves toward maintaining the truth of the motto "Louisiana: Open for Business," a slogan the DNR has adopted. In 2004, at her urging, the legislature enacted a phase-out of the corporate franchise tax on debt and the sales tax on manufacturing machinery and equipment. Gov. Blanco has, indeed, focused on a stronger economy, and under her leadership, recruiting and expanding businesses has been a top priority.

### Before and After the Storms: Restoring Coastal Louisiana

It was not long after Gov. Blanco began to make significant strides in economic development, education and other areas of reform that the unthinkable happened. The wrath of Hurricanes Katrina and Rita challenged all of us on so many levels to recover and rebuild; both urgent and long-term goals became the necessity du jour. Necessity sparked the governor's mantra, "rebuilding a safer, stronger and better Louisiana."

Thrust into a role few could imagine, our governor set yet another aggressive agenda for growth, change and quest for excellence.

In special sessions during November 2005 and February 2006, the administration and the legislature sought action on hurricane and coastal protection, levee board reform, voting rights issues, and housing and community development issues, as well as reforms in New Orleans government structure. Most importantly, the Louisiana Recovery Authority (LRA) was established into law as the single nonpolitical agency charged with overseeing recovery policy and programs and services.

Months later, in the June 2006 regular session of the legislature, the governor's foot soldiers took to the battleground on a strategic list of issues ranging from energizing the workforce and empowering business growth to dealing with health care services and improving public education.

### The DNR Foot Soldier

Pre-Katrina, life for me at the Department of Natural Resources revolved around ways to elevate the issues of coastal land loss and the need for federal relief, as well as strengthening interactions with the oil and gas industry, an important sector of the state's economy.

The wheels were turning in several directions, including streamlining the coastal use permitting process (CUP) regulations. What was seen as a hindrance to the business community (delays in getting approvals for beginning work activities) was examined, analyzed and greatly improved upon. Instead of months of review by multiple agencies before a permit was issued, I established a memorandum of understanding (MOU) between agencies that proved to alleviate the old, slow and sluggish process. In fact, what was once seen as the "red tape" in government is no longer an issue. The

MOU, coupled with the department's SONRIS database system, has made a tremendous difference in the speed of business. Applying for a permit online can now be done from start to completion. Our web-based system is the most technologically advanced in the nation.

Yet, another area of concern – the so-called Legacy Lawsuits – created a real imbalance in the health of the state's progress for economic development and caring for the environment. Recognizing that effective change to existing policy and laws was an absolute must-do task, Gov. Blanco sounded the sirens. In the form of Senate Bill 655, introduced in the 2006 Legislative Session, the Legacy Lawsuit issues began to unfold within the walls of the state capitol. Now, for the first time in Louisiana's history, Act 312 will serve to restore the balance needed between economic development and the environment. In summary, this new legislation allows for judicial awards for environmental damages by contamination from exploration and production operations to be deposited in the registry of the court system, and it further ensures that the cleanup of polluted sites will take place. The DNR's Office of Conservation will have a role in the way the cleanup is conducted based on sound scientific standards.

#### The State's Case for Funding to Offset Coastal Impacts and Erosion Damages

Pursuing coastal restoration in Louisiana (and the means by which to foot the gigantic price tag, which was estimated in year 2000 at \$14 billion) took on a dramatic new meaning after the storms. Statistics from the United States Geological Survey showed that over 200 square miles of coastal wetlands was lost due to the two storms, on top of the 25 square miles a year already on record because of coastal land loss and natural processes.

Before the storms, headway had been made in the form of legislation that State Senator Reggie Dupre and I wrote specifically to provide assurances that any future federal offshore energy revenue passed on to Louisiana would be put in a Coastal Protection and Restoration Fund and spent only for that purpose. This "lock box" guarantee, as the administration dubbed it, goes before the voters of the state in September in the form of a constitutional amendment.

Long before the storms, perhaps some 30 or more years ago, past governors and the state's congressional delegation pressed adamantly to get some of the federal dollars that the government collected annually from the drilling and production that took place in the Gulf waters beyond three miles offshore Louisiana. In 2001, Congress did authorize the Coastal Impact Assistance Plan, which allowed the seven coastal states to share \$150 million in mitigating impacts of Outer Continental Shelf (OCS) oil and gas development and production. The 2006 campaign for a bigger share of federal offshore royalty money is under way on the home front and in Washington.

These OCS funds, when equitably shared with other coastal producing states, would help preserve a region with vital energy resources that support the nation's needs to bring power to households and fuel for domestic commerce. Louisiana's share of \$7.5 billion into the federal treasury for production in the Gulf is less than 2 percent, yet interior producing states are receiving 50 percent of the federal revenue derived from offshore activities.

Congress has passed bills on both sides of the chambers this summer, aimed at changing the formula for royalties paid to states. We believe that this little southern state with a big capacity for fueling America is in line for a victory.

In August, Gov. Blanco filed a lawsuit in opposition to the U.S. Department of Interior's Mineral Management Service (MMS) Lease Sale 200, and while the judge ruled not to stop the Lease Sale, he said the state would have a strong and compelling case when it goes to trial in November. Our premise: The landscape of southern Louisiana has changed since the summer of 2005, and obviously the environmental assessment prepared by the MMS for Lease Sale 200 failed to recognize the changes.

Louisiana's history of producing energy for this great nation is undeniable. We must protect the vital onshore infrastructure that makes offshore production possible in the first place. When it comes to energy security, production, processing, refining and transportation, coastal Louisiana is the most important piece of real estate in the nation. President Thomas Jefferson was indeed a wise man to acquire these lands in the Louisiana Purchase some 200 years ago.

While the storms destroyed precious lives and property, they did not destroy the spirit of hope and determination that prevail here.

**Scott A. Angelle was appointed head of the Department of Natural Resources by Governor Kathleen Babineaux Blanco in 2004. According to Governor Blanco, "Scott has strong organizational and management skills, as well as a strong work ethic based on clear principles of stewardship and development of our natural resources."**

**As an elected local government official, Angelle served three terms as a member of the St. Martin Parish Police Jury from 1988 to 2000. He was elected parish president of St. Martin Parish in 2000 and served until accepting the DNR post in March. Before serving local government, he specialized in mineral research, acquisition and management of oil and gas leases, and landowner issues for a successful petroleum company in Lafayette. Mr. Angelle is a 1983 cum laude graduate of the University of Southwestern Louisiana with a bachelor of science degree in business administration.**

**The Department of Natural Resources was created as part of the executive branch of state government in 1976. There are three primary offices of the department: Office of Coastal Restoration and Management, Office of Conservation and Office of Mineral Resources.**